



Education Funding

Legislative Advocacy
State Board of Education

State Board Position Statements

- Address the need for increased revenues to support funding for education at all levels.

Overview

Adequate funding is a top priority for school districts, AEAs, community colleges and the Department of Education. Iowa students should not face larger classes, fewer programs/course offerings, and higher tuition in FY07. The lack of adequacy of educational resources has affected the ability of schools, school districts, and community colleges to address existing achievement gaps and to promote programming that supports the increasing diversity of Iowa's student population. The State Board of Education believes that Iowa cannot be committed to educational excellence unless it is also committed to the adequate funding of the system to meet the current needs of students.

The basic funding for school districts and area education agencies is determined under a Code defined formula. Each student benefits when this funding is increased since the funding formula is student driven. The school finance formula is the major determinant of the amount of money a school district or area education agency will receive. This basic funding provides the resources and support for the factors that influence student achievement and is the means by which equity and adequacy goals are met. This offer is designed to increase funding to districts and improve opportunities for students.

Background/Talking Points

This offer provides the basic funding via the school finance formula for school districts and area education agencies. The offer requests:

- Basic Foundation Aid to school districts and AEAs per Iowa Code Chapter 257 under the currently enacted four (4) percent allowable growth rate for FY07.
- Restoration of AEA funding to the formula amount as specified in Chapter 257 for FY07.
- Financial incentives for districts to share operational and administrative functions.
- Increased funding for the Department of Education to implement recent state mandates and to provide adequate monitoring of accountability expectations.

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Background information: Allowable Growth

Allowable growth is the amount by which state cost per pupil and district cost per pupil will increase from one budget year to the next. The rate is set by the legislature two years in advance. The FY06 allowable growth rate is 4 percent (\$190 per pupil) and the legislature established the FY07 growth rate at 4 percent as well (\$197 per pupil). Although the allowable growth rate is 4 percent for FY07, 154 (42%) districts will have no budget growth or growth less than 1 percent. Several years of low allowable growth rates, FY03 (1%), FY04 (2%), FY05 (2%), combined with enrollment declines, has left many districts with limited ability to meet the challenges of maintaining or improving student achievement.

Talking Points:

- Allowable growth rates for FY03, FY04, FY05, FY06, and FY07 have been 1 percent (\$45 per pupil), 2 percent (\$91 per pupil), 2 percent (\$93 per pupil), 4 percent (\$190 per pupil) and 4 percent (\$197 per pupil) respectively.
- If enrollments decline or if a district is already on the budget guarantee, the per pupil increase may not result in any increase in a district's budget.
- In FY07, 105 districts or 29 percent of the districts will be on the declining budget guarantee, and 49 districts will be on the 1 percent budget guarantee.
- For FY08, which is what the legislature must set for allowable growth this year, a 4 percent allowable growth rate would be a \$205 per pupil increase and 6 percent would be a \$308 per pupil increase.

Background Information: Early Intervention/Class Size Reduction

The Class Size/Early Intervention bill originally passed in 1999. The four-year program provided \$10 million in the first year (FY00), \$20 million in the second year (FY01), and \$30 million in the third and fourth years (FY02 and FY03). The program was originally only authorized through June 30, 2003, but has been continued on a year-by-year basis. Funding for FY04 was reduced from \$30 million to \$29.325 million due to the across-the-board cuts and has remained at \$29.25 million for FY05 and FY06.

The goals of the Class Size/Early Intervention Program are: 1) To provide resources to reduce K-3 class size in basic instruction to the state goal of 17 students for every one teacher (K-3); 2) To provide resources for K-3 early intervention efforts in basic skills instruction, especially reading; and 3) To increase communication and accountability regarding student performance.

Talking Points:

- Since the program began, most Iowa school districts have made progress toward these goals. However, those efforts are now at risk due to budget constraints on other fronts that have reduced the number of teachers.
- Statewide 4th grade reading and mathematics proficiency has increased for five consecutive years and this growth has included low SES and minority subgroups.
- Although some schools did not increase the number of primary classroom teachers, they did add literacy coaches or paraprofessionals to provide more one-on-one reading time for young children, professional development in reading, and additional reading resources for young children. Any loss of funding would seriously jeopardize these initiatives.

- For the last two years, K-3 class sizes actually increased while the number of instructional aides declined due to reduction or limited growth of overall general program funds and increasing costs.
- Funding for this program is not predictable for school districts since the legislature funds the program on a year-to-year basis.

Background Information: District Sharing Incentives

To encourage school districts to efficiently operate Iowa's educational system, a new supplementary weighting is proposed that will provide funds enabling districts to expand student opportunities, add additional teaching staff, and/or improve the salaries of instructional staff. This additional funding would be provided to districts that share operational functions (staff) of business managers, human resources, transportation, or operation and maintenance activities. Funding for this new supplementary weighting would flow through the school foundation aid formula beginning in 2007-08. Funding for 2006-07 is requested under the High School Reform offer and is further detailed under that offer.

Talking Points:

- Encouraging districts to operate as efficiently as possible benefits students and taxpayers in the end.
- Sharing should result in freeing up dollars for increasing student opportunities.
- This additional funding may be the incentive needed to begin the discussions that will result in many shared functions.

Background Information: Community College Funding

Community colleges serve more than 116,000 students who are in a degree or credit program and over 303,000 students who are in a non-credit program such as adult education or English Language Learners (ELL).

Talking Points:

- The State appropriation for community colleges has declined from \$147.6 million in FY01 to \$139.8 million in FY05, a 5.28 percent decrease.
- In FY06 the appropriation is \$149.6 million.
- Community colleges are becoming an increasingly vital link in the economic development of Iowa. Enrollments continue to increase.
- Many students are studying to gain additional or advanced job skills, and about 84 percent stay in Iowa, making them a vital part of our plan for economic growth.
- State and local budget shortfalls have hit community colleges especially hard and caused huge tuition increases. Iowa's average community college tuition is one of the highest in the nation.
- We must ensure that community colleges remain affordable and accessible – budget shortfalls have already caused some community colleges to close satellite locations and/or cut existing programs.

Background Information: AEA funding

The AEA system is the technical assistance and support backbone for schools. The system is nationally renowned for the breadth and depth of support it provides educational stakeholders. The AEA system is also the primary mechanism to deliver support in reading and mathematics to schools and districts identified as "in need of assistance" under No Child Left Behind (NCLB) and professional development for educators.

Area Education Agency Funding (AEA) funding was reduced in 2005-06 by \$19.2 million. If the funding formula is allowed to operate without the 2005 reduction imposed in HF 882, \$11.8 million will be restored. AEAs continue to be an essential component of school improvement, professional development, and a vital part of Iowa's education support system.

Talking Points:

- Individuals with Disabilities Education Act (IDEA), NCLB, and Teacher Quality have raised the bar for classroom performance of both teachers and students.
- Most LEAs do not have the capacity to provide the supports needed to build the knowledge and skills of teachers in all areas. The Department does not have the capacity to provide this expertise to all of the LEAs that need it and the AEA system is now the primary mechanism for the delivery of the majority of technical assistance to schools.
- Support for the AEA system should mirror the support for the LEA and community college systems.

Background Information: Department of Education funding

In 1991, the Department was 64% state funded with 283 FTEs. Today, the Department is only 35% state funded with 217 FTEs. Over this same period, the state implemented Comprehensive School Improvement Planning expectations, Annual Progress Reporting procedures, an AEA Accreditation process, saw the creation of the federal No Child Left Behind Act, and reauthorized a more complex federal IDEA Act, among many other accountability measures. Of the seven total school improvement consultant positions currently staffed - positions that are primarily responsible for state accreditation and school district accountability procedures - only three of these positions are state funded.

Talking Points:

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Key components of draft legislation

K-12:

- Fund at least the four percent allowable growth rate already established for 2006-07.
- Renew the Class Size/Early Intervention program for a period of at least four years and increase the \$30 million per year categorical amount by at least the allowable growth rate.
- Provide financial incentives for operational and administrative sharing efficiencies between school districts.

Community Colleges:

- Increase funding for Iowa's community colleges by at least \$6 million.

AEAs:

- Restore the \$11.8 million reduction to AEAs in FY07.

Department of Education:

- Increase the number of FTEs supporting state mandates and funding priorities. The number of state-funded FTEs has decreased from 181 in 1991 to 76 in 2005-06,

inhibiting the ability of the Department to provide additional supports for quality technical assistance, monitoring, and accountability.

Additional Resources

- Iowa's Annual Condition of Education Report and Statewide Profile of Public Schools: <http://www.state.ia.us/educate/fis/pre/coer/index.html>.

Data Support

- Iowa public school average total expenditures per pupil in 2003-04: \$7098. National average in 2003-04: \$8156. Iowa ranks 36th in the nation in average total expenditures per pupil. (Minnesota – 16th, Wisconsin - 12th, Illinois – 15th, Kansas – 23rd).
- State foundation aid is \$1.964 billion in FY06.
- State foundation aid is estimated to be \$2.049 billion in FY07.
- Four percent allowable growth for FY08 will increase state aid by \$103 million and property taxes by \$21.7 million.
- Six percent allowable growth for FY08 will increase state aid by \$156.4 million and property taxes by \$28.4 million.
- Total property taxes associated with the school aid formula are estimated to be \$1.090 billion in FY07.
- 43.2% of Iowa's total general fund revenue goes to aid for school districts.
- 70.2% of general fund expenditures to Iowa's schools go to instruction. On average, 9.5% of expenditures go to administration.
- Over the last 18 years, the percentage of general fund education expenditures going to teachers' salaries has dropped from 68.1% to 63.5% while the percentage to cover benefits has increased from 12.9% to 18.0% of the total.
- 49.4% of local school revenue came from state foundation aid in 2003-04, 34.4% from local taxes, with the rest from misc. funding. Federal education support averaged 4.8% of the total in 2003-04.

Response to the Critics: Questions and Answers

Question 1: Isn't 4 percent more than the rate of inflation?

Answer: Yes, however the allowable growth rates in FY03, FY04, and FY05 were very low and districts need to recover from those years. The impact of those low growth rate years is reflected in aging materials and textbooks as well as a continual decline in Iowa's ranking of teachers' salaries.

Question 2: Won't all new money just end up in the pockets of teachers?

Answer: Since education is a personnel intensive business, it would be expected that the majority of the funds would go toward salaries and benefits. Over 80 percent of school districts' general fund expenditures go toward salaries and benefits.

Question 3: How can our school district be short of money, we just passed a local option tax?

Answer: The money generated through the local option tax is for school infrastructure purposes and cannot be used for general fund purposes such as salaries and benefits.

Question 4: My district tells me that their budget is decreasing, how can that be if allowable growth is 4 percent?

Answer: A district's budget is based upon the number of students in the district and the district cost per student. If a district had previously been receiving a "budget guarantee" due to declining enrollment, it is possible that their budget is now declining since the budget guarantee is being phased out. In FY07, 154 districts will have decreasing budgets under the formula.

Important Legislative and Governmental Stakeholders (needs to be redone)

House of Representatives Leaders

Rep. Christopher Rants, R (54 – Sioux City)	Speaker of the House christopher.rants@legis.state.ia.us
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Rep. Chuck Gipp, R (16 – Decorah)	Majority Leader charles.gipp@legis.state.ia.us
Rep. Scott Raecker, R (63 – Urbandale)	Chair – Appropriations scott.raecker@legis.state.ia.us
Rep. Mark Kuhn, D (14 – Charles City)	Ranking Member – Appropriations mark.kuhn@legis.state.ia.us

House of Representatives Committee Leaders

Rep. Jodi Tymeson, R (73 - Winterset)	Chair, Education Committee jodi.tymeson@legis.state.ia.us
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Rep. Jeff Kaufmann, R (79 – Wilton)	Vice Chair, Education Committee jeff.kaufmann@legis.state.ia.us
Rep. Royd Chambers, R (5 – Sheldon)	Chair – Education Approps. Subcommittee royd.chambers@legis.state.ia.us
Rep. Jo Oldson, D (61 – Des Moines)	Ranking Member, Education Approps. Sub. joanne.oldson@legis.state.ia.us
Rep. Mike May, R (6 – Spirit Lake)	Vice Chair – Ed. Approps Subcommittee mike.may@legis.state.ia.us

Other key House legislators on this topic: Any of the other members of the House Standing Education Committee or the Education Appropriations Subcommittee (link below).

General House Phone Number: 515-281-3221 (During session, use this number to be transferred to a Representative's desk.)

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House Education Committee: <http://www3.legis.state.ia.us/ga/committee.do?id=21>

Education Approps Sub: <http://www3.legis.state.ia.us/ga/committee.do?id=35>

Senate Leadership

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Other key Senate legislators on this topic: Any of the other members of the Senate Standing Education Committee or the Education Appropriations Subcommittee (link below).

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theresa.kehoe@legis.state.ia.usSenate Education Committee: <http://www3.legis.state.ia.us/ga/committee.do?id=5>Education Approps Sub: <http://www3.legis.state.ia.us/ga/committee.do?id=35>**Groups with which you should advocate on this issue**

Farm Bureau Representatives

Chambers of Commerce

Rotary Clubs

Lion's Clubs

PTAs/PTOs

Local newspaper editors

Any Economic Development groups

Local labor union representatives, specifically law enforcement and fire fighters
Tax Coalitions
City and County officials
Boards of Supervisors

Groups that are already advocates for this issue

Iowa Association of School Boards
School Administrators of Iowa
Iowa State Education Association
Urban Education Network
Area Education Agencies

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